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FISCAL IMPACT STATEMENT

LS 6986

BILL NUMBER: SB 246

NOTE PREPARED: Jan 27, 2009

BILL AMENDED: Jan 22, 2009

SUBJECT: State Board of Accounts Matters.

FIRST AUTHOR: Sen. Lawson C

FIRST SPONSOR: Rep. Michael

BILL STATUS: As Passed Senate

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill increases the amount of the surety bond that must be filed by various local government officials. It provides that the increased amount only applies to contracts entered into after December 31, 2009.

The bill provides that the periodic financial reports filed by state and local government entities with the State Examiner of the State Board of Accounts (SBOA) must be filed electronically. It removes certain restrictions on the payment of travel expenses to field examiners of the SBOA for assignments within their county of residence. It permits the governing body of a public agency to conduct an executive session for purposes of meeting with the SBOA in an entrance conference or exit conference during the audit process. The bill also repeals a statute requiring the SBOA to implement and administer a method to be used by the state to conduct authenticated electronic transactions using digital signatures, and makes conforming changes to reflect the repeal of the digital signature statute.

Effective Date: July 1, 2009; January 1, 2010.

Explanation of State Expenditures: *State Board of Accounts (SBOA):* This bill removes restrictions on the payment of travel expenses to field examiners for assignments within their county of residence. This provision may increase costs slightly for SBOA, but their current level of resources should be sufficient to cover these expenses.

There will be costs associated with filing financial reports electronically. Computer programming would be necessary to provide electronic filing for state and local government entities to file periodic financial reports electronically, resulting in start up costs.

This bill allows the State Examiner to conduct performance audits of any public office and officer, state office, state institution, or entity currently subject to financial audits by the State Board of Accounts (SBOA). The State Examiner's current level of resources should be sufficient to implement this provision.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Surety Bond Increases*: This bill increases the amount of surety bonds that are required to be filed by local government officials. The bill increases the amounts of annual coverage from \$15,000 to \$30,000 for each \$1 M of receipts of the officer's office during the last complete fiscal year before the purchase of the bond. The amount must be at least \$30,000. This change applies to the following officials: city controllers; city clerk-treasurers; town clerk-treasurers; Barrett Law fund custodians; county treasurers; county sheriffs; circuit court clerks; township trustees; county auditors; and conservancy district financial clerks.

The amount of surety bonds that must be filed by controllers of solid waste management districts is increased from at least \$15,000 to at least \$30,000 in annual coverage. Also, the amount of surety bonds that must be filed by any other individual is changed from at least \$8,500 to \$15,000 in annual coverage.

These amounts must be fixed by the fiscal bodies of the respective units affected by this bill. Their current level of resources should be sufficient to implement the provisions of this bill. IC 5-4-1-8 states the following.

The official bonds of officers, if sufficient, shall be approved as follows:

- (1) Of county officers required to give bonds, by the clerk of the circuit court unless otherwise specified in this section.
- (2) Of county sheriff, county coroner, county recorder, county auditor, county treasurer, and clerk of the circuit court, by the county executive.
- (3) Of county assessor, township trustee, and township assessor (if any), by the county auditor.
- (4) Of city officers, except the executive and members of the legislative body, by the city executive.
- (5) Of members of the board of public works or of the board of public works and safety in cities, by the city legislative body.
- (6) Of clerk-treasurer and marshal of a town, by the town legislative body.
- (7) Of a controller of a solid waste management district established under IC 13-21 or IC 13-9.5 (before its repeal), by the board of directors of the solid waste management district.
 - (b) A person who approves an official bond shall write the approval on the bond.
 - (c) A bond must be approved before it is filed.

Explanation of Local Revenues:

State Agencies Affected: SBOA.

Local Agencies Affected: Circuit court clerks; County executives; County auditors; City executives; Town legislative bodies; Boards of directors of solid waste management districts; City controllers; City-Clerk treasurers; Town-Clerk treasurers; Barrett Law Fund custodians; County treasurers; County sheriffs; Township trustees; County auditors; Conservancy financial clerks.

Information Sources: *State of Indiana HRM Detail Staffing Report, 10/31/08.*

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